



United States
Department of
Agriculture

Farmers
Home
Administration

Washington
D.C.
20250

FmHA AN No. 1953 (1951)

July 17, 1989

SUBJECT: Farmers Home Administration Participation
in the Farmer Programs Mediation Process

TO: State Directors, District Directors and
County Supervisors

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to provide guidance on how Farmers Home Administration (FmHA) will participate in the mediation/voluntary meeting of creditors process. The intended outcome is to insure that FmHA participates fully in the process and gives due consideration to all information and issues presented by borrowers, other lenders and mediators.

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

When the County Supervisor has completed the Debt and Loan Restructuring System Program (DALR\$) and a feasible plan of operation cannot be developed considering all Primary Loan Servicing Programs, Softwood Timber, and Conservation Set-Aside Easement Programs, the County Supervisor will notify the borrower of the mediation/voluntary meeting of creditors in accordance with Section 1951.909(h)(3) of FmHA Instruction 1951-S.

MEDIATION AND VOLUNTARY MEETING OF CREDITORS:

FmHA will participate fully in the process and provide all information requested relative to FmHA's decision on the borrower's request for loan servicing.

EXPIRATION DATE: June 30, 1990

FILING INSTRUCTION:
Preceding FmHA
Instruction 1951-S



Farmers Home Administration is an Equal Opportunity Lender.
Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250

1953(1951

FmHA will review plans and proposals developed in the mediation/voluntary meeting of creditors in the same manner as an initial request for Primary Loan Servicing. The DALR\$ Program will be used to recalculate new plans or proposals developed by the process to determine if a feasible plan can be developed.

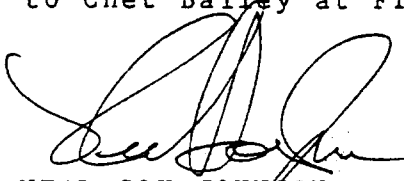
Appraisal values will not be negotiated in mediation/voluntary meeting of creditors, but full consideration will be given to using appraisals prepared by qualified appraisers that are fully documented and meet the minimum criteria as set forth in FmHA Instruction 422.1.

FmHA approval of the plans developed by the participants in the voluntary meeting of creditors will be based on reliable and documented data (i.e., yield, prices and appraisals) used to develop the plans.

Plans will not be agreed to by FmHA that do not comply with FmHA regulations.

Every effort will be made by the FmHA representative to resolve all issues in the mediation/voluntary meeting of creditors process. If mediation or the voluntary meeting of creditors is unsuccessful and plans developed in the mediation/voluntary meeting of creditors are not feasible, the County Supervisor will continue with the appropriate servicing actions as set out in FmHA Instruction 1951-S.

State Offices should direct any questions concerning this AN to Chet Bailey at FTS 382-1471.



NEAL SOX JOHNSON
Acting Administrator

Sent by Time Delay Option to State at 9:30 am on 7/18; to Districts at 11:30am on 7/18; and Counties at 1:30pm on 7/18 by ASD.